

SUMMARY OF LAWS AND REGULATIONS ON BANK INDONESIA

Regulation : Bank Indonesia Regulation Number 12/ 11 /PBI dated July 2, 2010 concerning Monetary Operations.

Effective Date : July 7, 2010

Summary :

1. Considerations for the Issuance of the Provisions:

In order to enhance the effectiveness of Monetary Operations in the context of supporting the achievement of Bank Indonesia's goals to achieve and maintain stability of Rupiah value.

2. Basic Provisions

a. Monetary Operations are conducted in the forms of Open Market Operations (OMO) and Standing Facilities.

b. Banks and/or other parties designated by Bank Indonesia may participate in OMO, while only Banks are allowed to participate in Standing Facilities.

c. OMO activities include:

1) Issuance of SBI.

In relation to the trading of SBI, SBI holders are prohibited from making transactions on their SBI with other parties during certain tenure since their

holding of SBI except transactions on SBI by Monetary Operation participants with Bank Indonesia.

- 2) Securities repurchase agreement (repo) and reverse repo transactions.

In making repo and reverse repo transactions, Bank Indonesia may use securities of other parties designated by Bank Indonesia based on an agreement between Bank Indonesia and the owners of the securities.

- 3) Transaction on outright sale and purchase of securities.

Transaction on outright sale and purchase of securities are conducted on SBN (SUN & SBSN) and other high quality and highly liquid securities designated by Bank Indonesia.

- 4) Term deposit at Bank Indonesia.

Term deposit is deposit facility of Monetary Operation participants during certain tenure at Bank Indonesia.

Term deposit may be subject to early redemption insofar as it fulfills

particular requirements and such redemption shall be subject to charges.

- 5) Sale and purchase of foreign currencies against Rupiah, which are conducted, among other things, in the form of spot, forward or swap transactions.

d. Standing Facilities include:

- 1) Lending Facility

Lending facility is provided through the mechanism of *repo* of SBI, SBN and other high quality and highly liquid securities designated by Bank Indonesia.

- 2) Deposit facility

3. Deposit facility is provided without issuing any securities. Transitional Provision

Transactions on SBI made after the coming into effect of this Bank Indonesia Regulation which are parts of transactions made prior to the coming into effect of this Bank Indonesia Regulation, are exempted from the provision on the minimum 1 month holding period until the maturity of the transactions concerned.